

DEPARTMENT OF THE AIR FORCE  
HEADQUARTERS UNITED STATES AIR FORCE  
WASHINGTON 25, D.C.



REPLY TO  
ATTN OF:

OSA-2393-66  
#A-144-66

SUBJECT:

REPLY TO:  
Audit Liaison Office  
P. O. Box 8155  
S. W. Station  
Washington, D. C.

TO:

3 June 1966

SUBJECT: Request for Comparative Data  
Lockheed Aircraft Corporation  
(Lockheed-California Company)  
Burbank, California  
Contracts SP-1926 and SP-1928

TO : Contracting Officer

REF : 19 May 1966 Request

1. Per request, we have obtained and/or developed as much comparative data as possible without further contracting any contractor personnel.

2. Average unit costs are shown as follows:

Final target costs  
Proposed target  
costs  
Less spares

SP-1926

SP-1928

STATINTL

Average unit cost  
(for one of seven  
articles)

	<u>SP-1926</u>	<u>SP-1928</u>

3. We believe that unit costs between contracts are not necessarily comparable as identical work was not or will not be performed on all 14 articles. Attached are work statements applicable to both contracts.

4. Also attached is a schedule of subcontractors for SP-1928 including commitments as of 21 December 1965.

5. Manpower charts are not available without contacting contractor personnel.

6. Since the work statements for each contract are different, it is our opinion that historical cost data for SP-1926 cannot be used realistically for comparison with proposed and/or incurred costs to date on SP-1928.

7. We have made a comparison between direct labor costs incurred and proposed as follows:

	<u>SP-1926</u>	<u>SP-1928</u>	STATINTL
Final claim--			
total incurred			
Proposal (exclud-			
ing spares)			
Approximate average			
for one article			

It is noted that the direct labor for SP-1926 includes that applicable to the costs of spares, since costs were commingled with all other direct labor.

8. A comparison between the total of direct labor, overhead, and G & A incurred and proposed is shown below:

	<u>SP-1926</u>	<u>SP-1928</u>	STATINTL
Final claim			
Proposal (exclud-			
ing spares)			
Approximate average			
for one article			

Again, it is noted that the direct labor, overhead, and G & A applicable to spares on SP-1926 are not separately identifiable.

9. It is noted that the differences, shown in paragraphs 7 and 8, between SP-1926 and SP-1928 would be greater if the contractor had used its actual book rates in lieu of lower rates (overhead and G & A) which had been agreed upon for price redetermination purposes in negotiations held prior to submitting their final price redetermination proposal for SP-1926.

10. A comparison between material costs and other direct charges between contracts is shown below. However, again, it is not possible to separately identify the material costs applicable to the spares on SP-1926.

	<u>SP-1926</u>	<u>SP-1928</u>
STATINTL	Final claim Proposal (excluding spares)	[redacted]

STATINTL

11. For SP-1928, the contractor proposed an amount of [redacted] for tooling costs applicable to various changes which apparently were not applicable to SP-1926. However, tooling costs incurred on SP-1926 were not segregated and any comparisons cannot readily be made.

12. Your attention is called to a 28 October 1965 TWX in which the contractor stated that approximately [redacted] was incurred applicable to 11 sets of parts before the number of articles was changed to 7. This is again referred to in a 12 November 1965 TWX.

STATINTL

*Arthur G. Hanley*  
ARTHUR G. HANLEY  
Auditor General Representative (APL)

Contract No. SP-1926  
Work Statement from Debititized Contract

## Work Statement from Draft Copy of Contract

Item Ref.	Scope	1 <sup>st</sup> Article # 375	2d thru 7 <sup>th</sup> articles		
1.	Install J-75 engines	X	X		1
2.	Enlarged intake scoops configuration "A" " " "B"	X	X		2
3.	Horiz. stab. leading edge camber change	X	X		3
4.	Elev. trim position indicator	X	X		4
5.	Extended elevator & tab	X	X		5
6.	Extendable stall strips	X	X		6
7.	Fuel dump system	X	X		7
8.	150' sugar scoop	X	X		8
9.	Improved EPR system	X	X		9
10.	Addtl. 750 VA inverter	X	X		10
11.	Larger Bendix generator	X	X		11
12.	Relocate 618 T-3 transceiver	X	X		12
13.	Windshield defroster	X	X		13
14.	Time code generator (provision for)	X	X		14
15.	(provisions for)	X	X	STAT NTL	15
16.	Relocate ATC	X	X		16
17.	Install drop tank provision	X	X		17
18.	Provisions for:				18
	a. Sys. 6 - an Elint system	X	X		19
	b. Sys. 9C	X	X		20
	c. Sys. 12B	X	X		21
	d. Sys. 13A	X	X		22
	e. Oscar Sierra	X	X		23
	f. Delta 2 - stereo camera	X	X		24
	g. Delta 3 - " "	X	X		25
	h. [redacted] equipment	X	X	STAT NTL	26
					27
					28
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					35
					36

STATINTL

Contract No. SP-1976

## Work statement from Definitized Contract

			Article #349	Article #385	Article #387
	Scope				
1	Install J-75 engines.		X	X	X
2	Install aerial refueling.		X	—	—
3	Modify to "G" configuration.		X	X	X
4	Install CF Fuel Bumpers		X	X	X
5	Install cockpit uplight, canopy ejection system, + autopilot. N/A		X	X	X
6	Fabricate + install sponsons		X	—	—
7	Perform complete R&M		—	X	X
8	Install slingers +		—	X	X
9	Fabricate + install slinger tanks		—	X	X
10	Install systems 12-B + 9-B in lieu of Brand 9A		—	X	X
11	Repair accident damage		—	X	X
12	System VI (modified "B" hatch)		—	X	X
13	Install new composite system		—	X	X
14	Incorporate outstanding Service Bulletins		—	X	X
15	Update program (#) configuration)		—	X	X
16	Replace		—	X	X
17	Install system 12-A		—	X	X
18	Install droppable fuel tanks		—	X	X
19	provisions		—	X	X
20	Install extended elevator trailing edge		—	X	X
21	Install retractable stall stripes		—	X	X
22			—	X	X
23			—	X	X
24			—	X	X
25			—	X	X
26			—	X	X
27			—	X	X
28			—	X	X
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294			—	X	X
295			—	X	X
296			—	X	X
297			—	X	X
298			—	X	X
299			—	X	X

## Work Statement from Draft Copy of Contract

Item Ref.	Scope	1 <sup>st</sup> article # 375	2 <sup>d</sup> thru' 7 <sup>th</sup> articles
1.	Install J-75 engines	X	X
2.	Enlarged intake scoops		
3.	Configuration "A"	X	
4.	" " "B" "		X
5.	Horizontal leading edge camber changes	X	X
6.	Elev. trim position indicator	X	X
7.	Extended elevator & tail	X	X
8.	Extendable stall stripes	X	X
9.	Fuel dump system	X	X
10.	150° sugar scoop	X	X
11.	Improrach EPR system	X	X
12.	Addtl. 750 VA inverters	X	X
13.	Larger Pindex generator	X	X
14.	Relocate 618 T-3 transceiver	X	X
15.	Windshield defroster	X	X
16.	Time code generator (provision for)	X	X
17.	(provisions for)	X	X
18.	Relocate ATC	X	X
19.	Install drop tank provisions	X	X
20.	Provisions for:		
21.	a. Sys. 6 - an Elink system	X	X
22.	b. Sys. 9C	X	X
23.	c. Sys. 12B	X	X
24.	d. Sys. 13A	X	X
25.	e. Oscar Sierra	X	X
26.	f. Delta 2 - stereo camera	X	X
27.	g. Delta 3 - " "	X	X
28.	h. [redacted]	X	X
29.			STAT IN TL
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STATINTL

Contract No. SP-1976  
Work Statement from Definitized Contract

		Article #319	Article #385	Article #582	Article #584	Article #372	Article #381	Article #583	
	Scope								
1	Install J-75 engines	X	X	X	X	X	X	X	1
2	Install aerial refueling	X				X			2
3	Modify to 'G' configuration	X	X	X			X		3
4	Install CF Fuel Pump	X	X	X	X	X	X	X	4
5	Install cockpit update, canopy ejection system, + autopilot	X	X	X					5
6	Fabricate + install stabilators	X			X				6
7	Perform complete R&M		X	X					7
8	Install slingers +		X	X		X			8
9	Fabricate + install slippery tanks		X	X		X			9
10	Install systems 12-B + 9-B in lieu of Brand 9A			X	X		X	X	10
11	Repair accident damage				X				11
12	System VI (modified 13-B batch)					X			12
13	Install new compressor system					X			13
14	Decomplete outstanding services								14
15	Buildings								15
16	Update programs (+ configuration)								16
17	Replace								17
18	Install system 13-A								18
19	Install droppable fuel tanks provisions								19
20	Install extended elevator trailing edge						X		20
21	Install retractable stall strips						X		21
22									22
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100									100

Contract No. SP-1928  
Work Statement from Draft Copy of Contract

Item Ref.	Scope		①	②	③	④
			1 <sup>st</sup> Article # 375	2d thru' 7 <sup>th</sup> articles		
1.	Install J-75 engines			X	X	
2.	Enlarged intake scoops Configuration "A" "B"			X		X
3.	Hori. stab. leading edge camber change			X	X	
4.	Elev. trim position indicator		X		X	
5.	Extended elevator + tab		X	X		
6.	Extendable stall stripes		X	X		
7.	Fuel dump system		X	X		
8.	150° sugar scoop		X	X		
9.	Improved EPR system		X		X	
10.	Addtl. 750 VA inverter		X	X		
11.	Larger Bendix generator		X	X		
12.	Relocate 618 T-3 transceivers		X	X		
13.	Windshield defroster		X	X		
14.	Time code generator (provision for)		X	X		
15.	(provision for)		X	X		
16.	Relocate ATC		X	X		
17.	Install drop tank provision		X	X		
18.	Provisions for:					
19.	a. Sys 6 - an Elint system		X	X		
20.	b. Sys 7C		X	X		
21.	c. Sys 12B		X	X		
22.	d. Sys. 13A		X	X		
23.	e. Oscar Sierra		X	X		
24.	f. Delta 2 - stereo carona		X	X		
25.	g. Delta 3 -		X	X		
26.	h. [redacted]	right	X	X		

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